



European Union

United Nations Conference on Trade and Development

63rd session of Trade and Development Board

5-9 December 2016

Item 5b – Palestine

On behalf of the European Union and its Member States

Geneva, 5 December 2016

- CHECK AGAINST DELIVERY -

UNCTAD

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Mr President, I am speaking on behalf of the European Union and its Member States. We thank the Secretariat for its Report on UNCTAD assistance to the Palestinian people, the economic and social indicators it contains as well as the recommendations made to improve the situation.

As indicated by the report, after years of a deteriorating economic situation, the outlook remains bleak: the Palestinian economy barely recovered from recession of 2014 and its GDP growth remains too low with 3.5%. Despite a cautious rebound in 2015, the situation is particularly serious in Gaza, as a result of the devastating conflict that took place in summer 2014 and of the continued closure and restrictions imposed on its socio-economic development. The World Bank calculated in 2015 that GDP per capita has declined by 31% in the past 20 years. Official unemployment rates stood at 26 %, with related dangers of radicalization.

Addressing the situation in Gaza must be an immediate priority for all parties as well as for the international community. Currently, 73 % of its population are in need of humanitarian assistance. Infant mortality has risen for the first time in 50 years. The situation has been unsustainable for many years and a fundamental and durable change of the political, economic and security situation is urgently necessary: the Palestinian Authority needs to resume its full governmental responsibilities in the Gaza Strip; the government of Israel must lift restrictions to socio-economic development, including a full opening of crossings for the flow of humanitarian aid, commercial goods, and persons to and from Gaza Energy and water supply of the Gaza strip must be improved considerably. At the same time, Israel's legitimate security concerns must remain

addressed. The diversion and abuse of construction material and other goods entering Gaza are harmful to reconstruction. Terrorist groups must disarm and be prevented from rearming.

We have welcomed recent steps taken by Israel to ease restrictions on Palestinian socio-economic development but further positive measures are needed as outlined in the Report of the Middle East Quartet of 1 July 2016. Even more importantly, these actions must be part of a fundamental change of policy with regard to the occupied Palestinian territory. In this regard, recalling that settlements are illegal under international law, we reiterate our strong opposition to Israel's settlement policy and actions taken in this context. Stopping the expansion of settlements is an integral part of keeping the two-state solution on the table.

In particular, social and economic developments in Area C are of critical importance for the viability of a future Palestinian state. Israel should implement positive and significant policy shifts and transfer powers and responsibilities in Area C. Progress in housing, water, energy, communications, agriculture and natural resources and easing Palestinian movement restrictions can be made, while respecting Israel's legitimate security needs. We call upon Israel to meet its obligations under international law regarding the living conditions of the Palestinian population, including by accelerated approval of Palestinian master plans, halting forced transfer of population and continued and accelerated demolition of Palestinian housing and infrastructure, simplifying administrative procedures to obtain building permits, ensuring access to water and addressing humanitarian needs. The EU will continue to provide financial assistance for Palestinian development in Area C and expects such investment to be protected for future use.

As mentioned in the report, the clearance of revenues has been an issue for several years. The predictable and transparent transfer of clearance revenues to the Palestinian Authority is of major importance for the fiscal sustainability of the Palestinian Authority. The economic dialogue of the two Ministers of Finance is a positive signal in this regard

and we encourage both sides to continue their constructive cooperation to resolve outstanding fiscal issues in order to increase Palestinian revenues.

The EU urges both parties to promote confidence and trust building measures. In this regard, the EU commends the signing of the Israeli-Palestinian Electricity Agreement on 13 September.

We remain committed to support the Palestinian Authority (PA). The EU will continue its support to Palestinian aspirations for statehood. It is of utmost importance that the Palestinian institutions continue to grow stronger, more transparent, more accountable and more democratic. Their activities need to be based on the rule of law principle and the respect for human rights. In this context, the EU encourages the prompt setting of a new date for the planned Palestinian local elections which – if held in line with international standards – could provide an important renewal of Palestinian democracy and a first step towards advancing national unity.

While fully aware of the restrictions imposed by the occupation, the EU and its MS believe Palestinian reforms could be accelerated especially in civil service, including the judiciary, pension and public finance management. As a leading donor to UNRWA, the EU is concerned at the Agency's structural budgetary deficit, due to a large part to the increased number of refugees and the lack of funding. The EU will continue its significant funding to help UNRWA be able to continue its invaluable work of providing protection and assistance to Palestine refugees across its five fields of operation. In this respect, we call on the Agency to carry on with its important reforms and on all donors to step up their funding and make it also more predictable.

Continued donor support for the Palestinian people is necessary but it cannot substitute for, nor succeed without, tangible progress on the political front. As outlined in the Quartet Report of 1 July 2016, the preservation of the viability of the two-state solution and the creation of conditions for the resumption of meaningful negotiations that resolve all final status issues, must remain a priority.